



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JAY B. RISING  
STATE TREASURER

**DATE:** May 23, 2003

**TO:** Assessors  
Equalization Directors

**FROM:** State Tax Commission

**SUBJECT: LEVY OF TAXES ON THE IFT ROLL FOR 2003**

It has come to the attention of the State Tax Commission that there may be some confusion regarding the correct millage rate to levy against properties on the Industrial Facility Tax (IFT) Roll in 2003. This confusion is caused by the fact that Public Act (PA) 244 of 2002 requires that the State Education Tax shall be levied at the rate of 5 mills in 2003, instead of 6 mills.

Michigan Compiled Law (MCL) 207.564 addresses the calculation of the rate used to calculate the taxes for property on the IFT Roll. The law addresses 3 distinct situations. The following is a summary of the provisions of MCL 207.564:

- 1) **PRE-1994 NEW FACILITIES:** New facilities with certificates that became effective before 1994 pay a specific tax equal to one half of the current ad valorem millage rate NOT INCLUDING the current local school operating millage or the State Education Tax (SET) PLUS one half of the 1993 local school operating millage.
- 2) **POST-1993 NEW FACILITIES:** New Facilities with certificates that became effective after 1993 generally pay a specific tax equal to one half of the current ad valorem millage rate NOT INCLUDING the State Education Tax (SET) PLUS the full SET levy. Under MCL 207.564, the Michigan Strategic Fund may grant an abatement to a POST-1993 NEW FACILITY of the full SET millage or 50% of the full SET millage.
- 3) **ALL REPLACEMENT FACILITIES:** In lieu of an ad valorem property tax on its taxable value, a Replacement Facility pays a specific tax equal to the full current ad valorem millage rate (on the frozen taxable value of the obsolete facility being replaced).

The types of IFT facilities discussed in paragraphs 2 and 3 above are affected by PA 244 of 2002 because the full SET levy is 5 mills in 2003, not 6 mills. **THE FOLLOWING IS A RESTATEMENT OF PARAGRAPHS 2 AND 3 AS THEY APPLY TO THE 2003 LEVY ON THE IFT ROLL:**

- 2) **POST-1993 NEW FACILITIES:** New Facilities with certificates that became effective after 1993 generally pay a specific tax equal to one half of the current ad valorem millage rate NOT INCLUDING the State Education Tax (SET) PLUS the 5 mill SET levy. Under MCL 207.564, the Michigan Strategic Fund may grant an abatement to a POST-1993 NEW FACILITY of the full 5 mill SET levy or of 2 and 1/2 mills.
- 3) **ALL REPLACEMENT FACILITIES:** In lieu of an ad valorem property tax on its taxable value, a Replacement Facility pays a specific tax equal to the full current ad valorem millage rate (on the frozen taxable value of the obsolete facility being replaced). The full current ad valorem millage rate includes the full rate for the SET millage which is 5 mills in 2003.

**IMPORTANT NOTE:** Even though IFT Certificates state that the SET to be levied is 6 mills or 3 mills, the correct amount in 2003 is 5 mills or 2 and one half mills.

If you have any questions about this matter, you may contact Ms. Dianne Wright at 517-373-2408.